

ANNUAL REPORT

Credit Union Consumer Perception

Table of Contents

Summary	3	The Gen Z Challenge	8-9
Introduction	4	The Educational Gap in Low-Income Households	10
Methodology	5	Conclusion	11
The Awareness Paradox: Why Positive Perception Doesn't Drive Participation	6-7		



Summary

This research examines consumer attitudes toward credit unions through a comprehensive survey of diverse banking customers across the United States. The findings reveal a significant disconnect; while most Americans hold favorable views of credit unions and recognize their benefits, actual membership remains surprisingly low in comparison.

The survey uncovered three critical insights. First, credit unions enjoy widespread positive perception, with respondents consistently acknowledging their trustworthiness, competitive rates, and lower fees compared to traditional banks. Second, despite this goodwill, substantial barriers prevent consumers from making the switch: primarily concerns about convenience, technology capabilities, and eligibility confusion. Third, distinct opportunities exist across different demographic segments, each requiring tailored approaches to overcome specific hesitations.

These findings point to a clear path forward for credit unions willing to address the perception-adoption gap through targeted messaging, improved digital experiences, and clearer communication about membership accessibility.

Introduction

The banking sector faces mounting pressure from multiple directions. Traditional financial institutions grapple with declining trust following years of fee increases and service reductions. Meanwhile, fintech companies attract younger consumers with mobile-first experiences and transparent pricing. Credit unions occupy a unique position in this shifting terrain by offering the community focus and competitive rates that consumers claim to value, yet they're struggling to convert positive sentiment into membership growth.

This research seeks to understand why favorable perceptions of credit unions fail to translate to adoption. By examining the attitudes, concerns, and motivations of members and nonmembers, we can identify specific obstacles preventing consumers from acting on their stated preferences. The insights in this report reveal not just what people think about credit unions, but what would motivate them to join one.

Methodology

This survey was conducted in December 2025 through an online questionnaire distributed to banking customers across the United States. Respondents included individuals who primarily bank with big national banks, regional/community banks, online-only banks and fintechs, as well as current credit union members.

The sample captured a diverse demographic profile including:

- Age groups: 18 to 60+
- Income levels: Under \$10,000 to \$200,000+
- Geographic regions: All U.S. regions

The Awareness Paradox: Why Positive Perception Doesn't Drive Participation

The survey reveals a puzzling contradiction at the heart of credit union growth challenges. More than 75% of respondents indicated some level of familiarity with credit unions, ranging from having heard the term, to being very familiar with their offerings. This awareness spans across age groups, income levels, and geographic regions, suggesting that credit unions have achieved broad recognition in the American banking consciousness.

When asked about their overall impressions, 75% of respondents expressed somewhat positive to very positive views of credit unions, with only 5% expressing any level of negative perception. And nearly 70% agreed that credit unions are trustworthy institutions.

Yet, this widespread awareness and favorable sentiment has not translated to membership growth. Only one-fourth of respondents bank primarily with a credit union. The remainder conduct their primary banking with national banks, regional institutions, or online-only platforms—despite many expressing positive views about credit union benefits. For example, nearly 60% of respondents agreed that credit unions have lower fees and better rates than other banks.

What Prevents People From Switching to Credit Unions

Two distinct categories of barriers emerged from the survey responses. The first involves functional concerns about day-to-day banking convenience. Approximately 30% of respondents cited worries about ATM or branch access, making this the top concern expressed by participants of the survey. Mobile app quality represented another functional barrier, with 22% of respondents questioning whether credit union technology could match the digital experiences they currently enjoy. These findings point to a perceived competitive edge that national banks and fintech companies have with their large networks of in-person banking options and easy-to-use apps respectively.

The second category involves perceptual barriers rooted in confusion and lack of information. Eligibility confusion emerged as the third most common barrier at 16%, with respondents uncertain about whether they could join or how the process works. Another 15% simply stated they "don't know enough about them," indicating that awareness doesn't translate to understanding who can join.

These two categories of concern reflect both practical and educational barriers to credit union adoption that can be addressed through data-driven improvements in branching and marketing.

What Motivates Consumers to Try a Credit Union

When asked to select factors that would motivate them to try a credit union, better rates on loans and savings products emerged as the top driver, appealing to 50% of respondents. This focus on competitive rates suggests consumers view credit unions primarily as vehicles for financial optimization rather than just fee reduction. Lower fees attracted 40% of respondents, representing the second most common motivator and confirming that cost savings in both lower rates and fees are key drivers of credit union adoption.

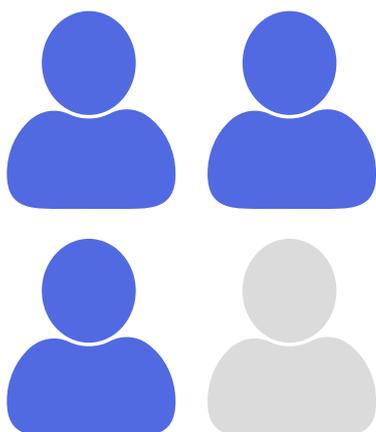
Great customer service resonated with 32% of respondents as the third most popular reason to try out a credit union. This indicates that consumers are tired of the impersonal experience of banking with large, national institutions. Cash bonuses or switching incentives attracted 25% of respondents as the fourth most cited motivator. Better mobile app features (24%) and more ATM access (23%) followed closely as the fifth and sixth reasons to try credit unions, further confirming that consumers value seamless and accessible banking experiences.



1 out of 2

consumers cite cost savings and better rates as key motivators to join credit unions

Positive perception and trust in credit unions is high, but action doesn't follow at the rate these sentiments would suggest. This gap between awareness, favorable impression, and actual adoption represents the central challenge and opportunity for credit union growth.

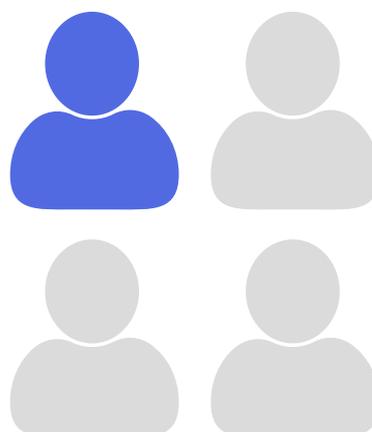


3 out of 4

consumers have positive views of credit unions

1 out of 4

consumers bank primarily with credit unions



The Gen Z Challenge

Gen Z represents both the most critical demographic challenge facing credit unions today and the greatest long-term opportunity. Among respondents 18-29 years old, 36% indicated they had only heard the term "credit union" without having a deeper understanding, or had never heard the term at all. 44% said they were somewhat familiar with credit unions, and a mere 20% reported being very familiar with them.

This awareness gap is represented in banking membership, with only 16% of Gen Z consumers banking primarily with credit unions. The plurality use large, national chains to bank (48%), while the rest bank at regional/community banks (24%) or online-only fintech companies (6%).

And, while most Gen Z consumers have a positive impression of credit unions (63%), this is a stark decrease from older generations (81%). This represents a 22% decrease in the overall positive impression of credit unions in Gen Z. This generation, which is experiencing significant asset growth, is clearly disconnected from the credit union value proposition.



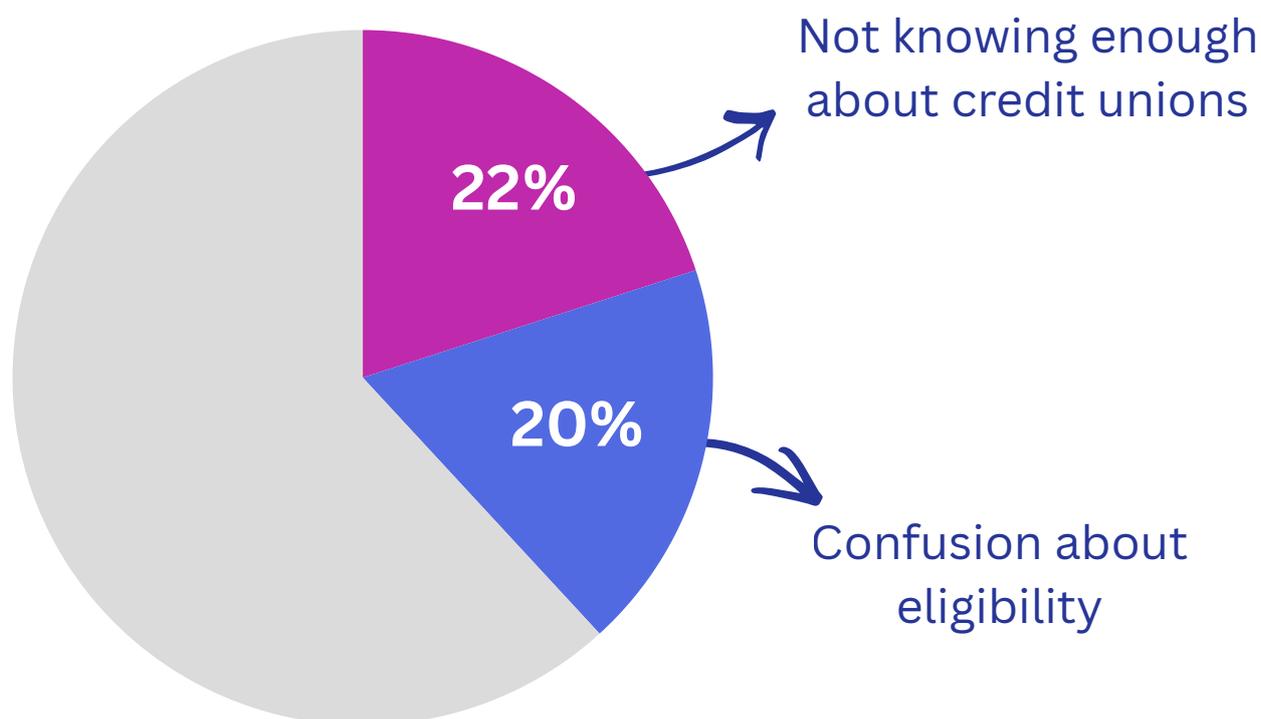
Compared to older generations, positive views of credit unions are down with Gen Z by

22%

Luckily, this drop in the positive impression of credit unions is driven by a lack of information, not an increase in negative perception. "Not knowing enough about them" was the most common concern 18–29-year-olds had about joining credit unions at 22%, which is significantly higher than other age groups. Additionally, 20% of the generation expressed confusion about eligibility or difficult sign-up processes as their biggest concern.

Without addressing these concerns, credit unions risk losing an entire generation to fintech competitors and national banks. Luckily, unlike concerns about product quality, pricing, or branching, the top barriers-to-entry for Gen Z can be directly addressed through stronger communication strategies and streamlined onboarding experiences.

Top Gen Z Credit Union Concerns



The Educational Gap in Low-Income Households

Respondents earning under \$75,000 annually faced significantly greater knowledge barriers than their higher-earning counterparts. These households were 37% more likely to cite not knowing if they were eligible to be members of a credit union as their top concern compared to those making \$75,000 or more. Additionally, respondents in this income bracket were 50% more likely to report not knowing enough about credit unions as their biggest concern compared to higher earners. Those serving low-income consumers have a significant educational gap to bridge before they reach their full membership potential.

A recent [report from Debbie Inc](#) found that credit unions marketing budgets increased by 15% in 2025 with a concurrent increase of customer acquisition costs rising to an all-time high of \$565. We expect this amount to be even higher for those serving low-income areas. When the very communities that would benefit most from credit union membership lack basic awareness and understanding of eligibility, credit unions miss opportunities to both serve these members and strengthen their case for designations that unlock additional resources and flexibility to expand their mission-driven work.

% of respondents citing eligibility confusion as top credit union concern



Conclusion

The gap between perception and adoption represents credit unions' most significant growth opportunity. Most consumers already hold positive views of credit unions and recognize their advantages in fees, rates, and trustworthy service. The challenge lies not in changing minds but in removing the barriers that prevent people from acting on beliefs they already hold.

Three types of obstacles stand in the way: functional barriers around convenience and technology, perceptual barriers rooted in eligibility confusion and lack of information, and motivational barriers that keep people comfortable with banking relationships that don't truly serve them well.

Credit unions must invest in tangible improvements alongside better communication like shared branching networks and ATM partnerships, more streamlined application processes, incentive programs that can overcome inertia among those already convinced of credit union benefits, and more targeted, analytics-backed marketing to underserved and undereducated populations.

By addressing real concerns about convenience and technology while clearing up confusion about who can join, credit unions can convert widespread goodwill into meaningful membership growth. The foundation of positive perception already exists. The work now is building the bridges that help people act on what they already believe.



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